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2 OCT 1963

MEMORANDUM FOR THE RECORD

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SUBJECT:

1. The Director met this afternoon with Senator Russell and Representative Mahon for approximately 45 minutes on the above subject. Assistant Secretary of Defense, Charles Hitch, was present. Mr. William Darden of Russell's office was present; Mr. Robert Michaels of Mr. Mahon's office was present; and John S. Warner accompanied the Director.

2. The Director gave a brief background of the paramilitary activities which gave rise to the expenditures which he wished to discuss. He stated the CIA budget for 1964 had been formulated with the understanding that Defense would fund the cost of these various paramilitary programs. The Director explained that in the past Defense had funded a portion of these activities from MAP funds but it had been determined that for legal reasons Defense would be unable to continue this funding. When the Agency was advised of this situation in January 1963, the Agency budget level had already been approved at a level of

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[redacted] Included in that letter is a sentence stating the President has approved the recommended increase with the understanding that this would not necessitate an increase in the 1964 appropriations recommended to the Congress for the Department of Defense.

4. The Director next referred to and read from the letter from the Bureau of the Budget of 27 April 1963 to Clarence Cannon which identified the Agency's budget request [redacted] and identified the two accounts in which these funds were included. The next letter referred to by the Director and reviewed by Senator Russell and Mr. Mahon was the 8 August 1963 letter from Bureau of the Budget to Senator Hayden. Mr. McCone indicated that it had been reported to him that the Senate Committee in approving the DOD bill had placed a restriction so that this additional [redacted] was not available for CIA expenditure. Senator Russell stated that this was not the case.

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5. Mr. Hitch indicated that there would be no increase in the President's recommended program for DOD as a result of the 8 August letter since by this time the authorization bills passed by the Congress had reduced the recommended levels by far more than the [redacted]. After some discussion Russell stated that he "thought the other [redacted] was up to the Executive Branch" to allocate if the programs were sufficiently valuable to be carried on. Russell also stated that he thought it was "up to DOD" to determine which accounts should be adjusted to make these funds available if the programs were to be carried on. Insofar as additional amounts being made available by the Congress at this time, Russell stated "we have gone as far as we can." Russell also added that he had assumed, possibly wrongly so, that the House action on this matter was such as to require DOD to absorb the [redacted].

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6. Mr. Mahon pointed out that the CIA Subcommittee of House Appropriations has not finally approved a total budget figure for CIA and that final action depends on Mr. Cannon and his Subcommittee and Mr. Russell and his Subcommittee. There was also discussion of whether there were any legal restrictions in terms of reapportionment and making funds available from other accounts to make up the [redacted] item. Mr. Hitch stated that he knew of none, that in effect this was a question of national priorities and once these were determined appropriate shifts in funds could properly be made. Mr. Russell and Mr. Mahon agreed there were no restrictions in this regard.

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7. Mr. Mahon stated that he was not in a position at this meeting to state what the Agency total should be but that he individually would support the program. It was pointed out that some [] had in fact already been expended in 1963 and considerable sums so far in 1964. Mr. McCone referred then to Mr. Cannon's letter to the Bureau of the Budget of 20 June 1963 to the effect that the Agency could continue with its regular program under the terms of the Joint Resolution and in addition the Agency was authorized to proceed with the program discussed in the hearings which contemplates withdrawals from Reserves up to [] thus indicating that up to now and in part the House Committee has expressed its will on the availability of funds to CIA for these programs. Mahon stated that when final decisions are made as to the total CIA budget, opportunity will exist for the Congress to express its will as to the total, not in any conference report of course, but in the usual letter from Cannon to the Agency.

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8. Mr. Russell indicated that he would like more information from DOD on the reprogramming which would be required by DOD absorbing the [] Mr. Hitch stated he would be glad, of course, to confer with the Senator on this. In connection with Congress furnishing guidance on its will, Mr. Mahon stated that the usual letter from Cannon to the Agency setting forth what was available for Agency expenditure would furnish such guidelines. (The Senate in the past has furnished a similar letter.) Mr. Mahon indicated that the conference on the DOD appropriation bill is planned for ten o'clock this coming Friday, the 4th of October.

S/ John S. Warner
JOHN S. WARNER
Legislative Counsel

cc: DCI
Comptroller
OGC/LC - Subject (Acctg/Budget)
CIA Sub House Armed Services
CIA Sub Senate Armed Services
Chrono